

Rural Employment Turned Down in 2001 As Unemployment Continued to Climb

Lorin Kusmin

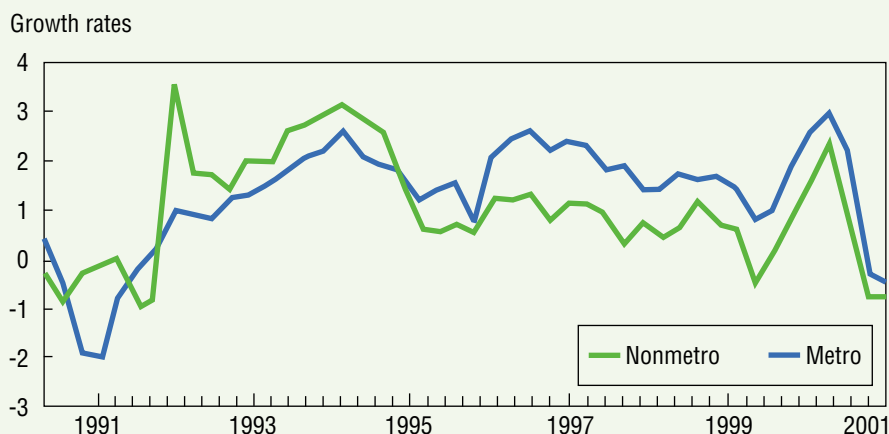
After substantial growth in 2000, rural employment growth slowed sharply in the first quarter of 2001, and turned negative in the second quarter of 2001 (fig. 1). Rural employment growth had been positive for nearly 10 years (except for the fourth quarter of 1999), dating back to the third quarter of 1991. Urban employment growth, which had been more rapid, also turned negative in the second quarter of 2001. Overall, urban employment grew more than 10 percent in the 6 years ending in the third quarter of 2001, while rural employment grew about 4 percent.

After the rural unemployment rate reached its lowest level in decades in the fourth quarter of 1999, it increased somewhat during 2000, and has increased further in 2001 (fig. 2). The urban unemployment rate fell to its lowest level in 2000 and edged up during the first two quarters in 2001 before jump-

ing more sharply in the third quarter. Overall, rural unemployment rates had risen 0.6 percentage point and urban unemployment rates had risen 0.9 percentage point from their lowest levels by the third quarter of 2001. This is a modest increase compared with that seen in the last major economic slowdown, the recession of 1990-91. In general, urban and rural unemployment rates have been similar and have moved together over the past decade, although urban areas saw a sharper rise in unemployment during the recession of 1990-91 and a more gradual decline in unemployment after that recession.

Using the Local Area Unemployment Statistics (LBS) for greater geographic detail, rural unemployment rates during the 1990s have generally been highest in the West and lowest in the Midwest (fig. 3). While nonmetro unemployment has declined in all regions, the decline has been sharpest in the Northeast, where unemployment peaked at 8.4 percent in 1992 and fell to 4.4 percent in 2000. The smallest proportionate decline was in the West, where unemployment peaked at 9.3 percent in 1992 and fell to 6.3 percent by 2000.

Figure 1
Employment growth rate in metro and nonmetro areas
Metro employment growth has outpaced nonmetro growth since 1995



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, seasonally adjusted by ERS.

Lorin Kusmin is an economist with the Food Assistance and Rural Economy Branch, Food and Rural Economics Division, ERS. (202-694-5429, lkusmin@ers.usda.gov)

Table 1

Employment growth in nonmetro areas by region and economic type, 2nd quarter 1991-2nd quarter 2001

Nonmetro employment grew in all regions and across most county economic types during the past decade, with the fastest growth in the West and in services counties

Region/type	Annual growth rate
	Percent
Northeast	0.3
Midwest	1.0
South	0.8
West	1.6
Agriculture	0.6
Mining	-0.1
Manufacturing	0.8
Government	1.2
Services	1.3
Nonspecialized	1.0

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics.

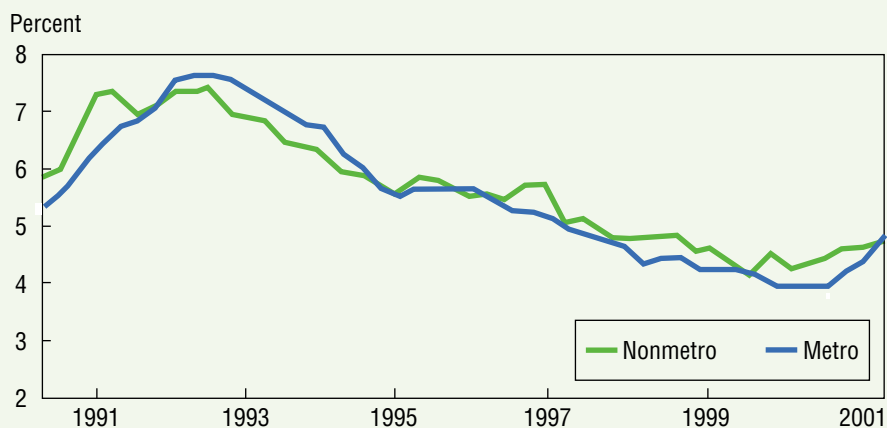
Nonmetro unemployment has generally been highest in mining counties and lowest in services counties throughout the past decade (fig. 4). Manufacturing, government, and nonspecialized counties have had moderate unemployment. Farming counties did not suffer disproportionately during the recession of the early 1990s, but unemployment rates in those counties have fallen less rapidly than in the other economic base categories.

Over the last decade, despite persistently high unemployment, rural employment growth has generally been fastest in the West (table 1). Rural employment has grown more rapidly in government, services, and nonspecialized counties than in mining and farming counties. **RA**

Figure 2

Metro and nonmetro unemployment rate

In recent years, nonmetro unemployment rates have been slightly higher than metro rates

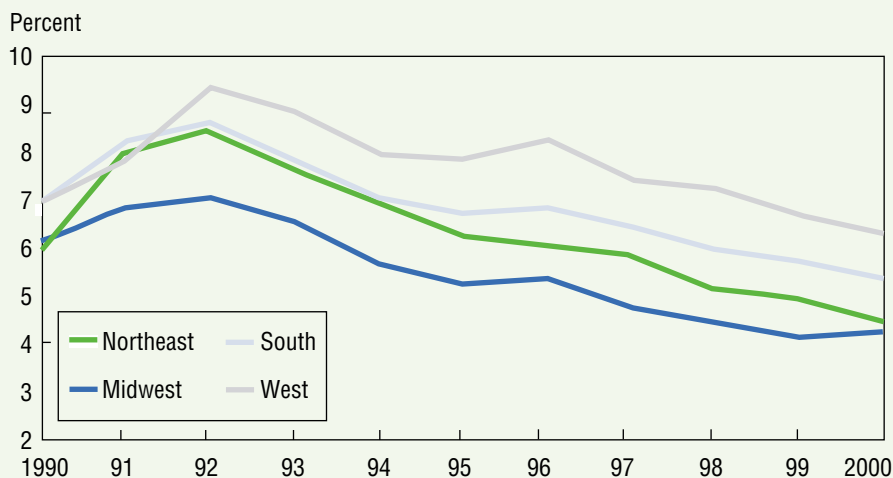


Source: Current Population Survey, seasonally adjusted by ERS.

Figure 3

Nonmetro unemployment rate by region

Since 1992, nonmetro unemployment has been highest in the West

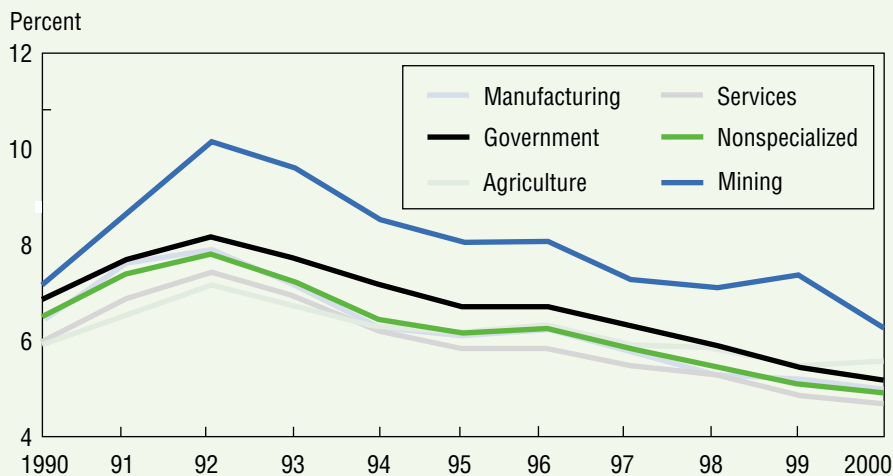


Source: Bureau of Labor Statistics, Local Area Unemployment Statistics.

Figure 4

Nonmetro unemployment rate by economic type

Mining counties have experienced higher unemployment rates than other county economic types throughout the 1990s



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics.